FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors The Mayor's Fund For Los Angeles

Report on the Financial Statements

We have audited the accompanying financial statements of The Mayor's Fund For Los Angeles which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Mayor's Fund For Los Angeles as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Mayor's Fund For Los Angeles' 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

November 29, 2017 Los Angeles, California

STATEMENT OF FINANCIAL POSITION June 30, 2017

With Summarized Totals at June 30, 2016

ASSETS	 2017	 2016		
Cash and Cash Equivalents	\$ 8,959,874	\$ 8,099,733		
Investments	504,521	609,087		
Pledges Receivable (Net)	4,453,297	8,907,687		
Other Assets	17,292	 10,306		
TOTAL ASSETS	\$ 13,934,984	\$ 17,626,813		
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 2,539,891	\$ 1,599,307		
NET ASSETS:				
Unrestricted - Undesignated	2,028,939	2,487,789		
Unrestricted - Board Designated	728,251	750,000		
Temporarily Restricted	8,637,903	 12,789,717		
TOTAL NET ASSETS	 11,395,093	 16,027,506		
TOTAL LIABILITIES AND NET ASSETS	\$ 13,934,984	\$ 17,626,813		

STATEMENT OF ACTIVITIES Year Ended June 30, 2017 With Summarized Totals for the Year Ended June 30, 2016

	2017									
	Temporarily							2016		
	<u>U</u>	nrestricted]	Restricted		Total		Total		
PUBLIC SUPPORT AND OTHER:										
Contributions	\$	513,850	\$	2,923,292	\$	3,437,142	\$	12,180,616		
Net Realized and Unrealized (Losses)										
Gains on Investments		(5,782)		-		(5,782)		3,189		
Interest and Dividends		4,357		-		4,357		2,176		
Net Assets Released from										
Purpose Restrictions		6,568,663		(6,568,663)		-		-		
Time Restrictions		706,443		(706,443)		-		_		
Donor Reclassification	(200,000)			200,000		-	-			
TOTAL PUBLIC SUPPORT AND OTHER		7,587,531		(4,151,814)		3,435,717		12,185,981		
EXPENSES:										
Program Services		7,528,144		-		7,528,144		5,554,156		
Supporting Services:										
Management and General		438,483		-		438,483		311,078		
Fundraising		101,503		-		101,503		207,476		
TOTAL EXPENSES		8,068,130		-		8,068,130		6,072,710		
CHANGE IN NET ASSETS		(480,599)		(4,151,814)		(4,632,413)		6,113,271		
Net Assets - Beginning of Year		3,237,789		12,789,717		16,027,506		9,914,235		
NET ASSETS - END OF YEAR	\$	2,757,190	\$	8,637,903	\$	11,395,093	\$	16,027,506		

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

With Summarized Totals for the Year Ended June 30, 2016

2017												
	Supporting Services											2016
		Program	Ma	nagement					Total			Total
		Services	an	d General	Fu	ndraising		Total	Ex	penses]	Expenses
Salaries	\$	900,745	\$	202,074	\$	80,467	\$	282,541	. ,	183,286	\$	917,223
Employee Benefits		187,410		14,179		6,078		20,257		207,667		151,280
TOTAL PERSONNEL COSTS		1,088,155		216,253		86,545		302,798	1,	390,953		1,068,503
Program Costs		4,624,528		-		-		_	4,	624,528		4,743,385
Contract Services		1,086,449		9,080		-		9,080	1,	095,529		36,875
Communications		261,050		46,800		-		46,800	(307,850		50,959
Event Expense		193,546		209		-		209		193,755		-
Marketing and Promotion		119,171		-		-		-		119,171		-
Other Expense		92,746		20,065		835		20,900		113,646		23,886
Accounting		-		104,517		-		104,517		104,517		48,700
Legal		21,262		34,892		-		34,892		56,154		28,798
Dues and Membership		16,295		2,248		12,229		14,477		30,772		10,000
Insurance		18,930		3,360		1,440		4,800		23,730		19,416
Office Expense		6,012		1,059		454		1,513		7,525		14,673
Fundraising				-		-		-				27,515
TOTAL 2017 FUNCTIONAL EXPENSES	\$	7,528,144	\$	438,483	\$	101,503	\$	539,986	\$ 8,	068,130		
		93%		6%		1%		7%	1	100%		
TOTAL 2016 FUNCTIONAL												
EXPENSES	\$	5,554,156	\$	311,078	\$	207,476	\$	518,554			\$	6,072,710
		92%		5%		3%		8%				100%

STATEMENT OF CASH FLOWS

Year Ended June 30, 2017 With Summarized Totals for the Year Ended June 30, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (4,632,413)	\$ 6,113,271
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Net Realized and Unrealized Losses (Gains) on Investments	5,782	(3,189)
Change in Present Value Discount on Pledges Receivable	(48,928)	(40,683)
Proceeds from Sale of Contributed Stock	103,130	-
Contributed Stock	-	(105,898)
(Increase)/decrease in:		
Pledges Receivable	4,503,318	(2,762,537)
Other Assets	(6,986)	(7,717)
Increase in:		
Accounts Payable and Accrued Liabilities	 940,584	 1,586,335
NET CASH PROVIDED BY OPERATING ACTIVITIES	864,487	4,779,582
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends Reinvested	(4,346)	_
Purchase of Investments	 	 (500,000)
NET CASH USED IN INVESTING ACTIVITES	(4,346)	(500,000)
THE CASE OF THE PROPERTY OF TH	 (1,010)	 (000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	860,141	4,279,582
Cash and Cash Equivalents - Beginning of Year	 8,099,733	3,820,151
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,959,874	\$ 8,099,733

NOTES TO FINANCIAL STATEMENTS June 30, 2017

NOTE 1 - ORGANIZATION

The Mayor's Fund For Los Angeles (the Mayor's Fund) is dedicated to improving the lives of Los Angeles residents through public private partnerships that yield innovative, transformative and impact-driven solutions to the City's most pressing challenges.

The Mayor's Fund works throughout Los Angeles, enhancing economic prosperity, government efficiency, community resiliency and overall quality of life for residents. It sponsors programs that address both current and future needs, insisting on rigorous standards with measurable impact.

The Mayor's Fund was initially established under the California Community Foundation's Community Initiatives Fund and subsequently was incorporated on June 9, 2014, followed by the granting of its independent nonprofit status by the IRS under the 501(c)(3) public benefit designation on October 27, 2014.

As mayoral administrations change over time, the Mayor's Fund will maintain its independence and non-partisan nature, focusing on the long-term health of the City and its residents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Mayor's Fund are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- Unrestricted Undesignated Net Assets. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Unrestricted Board Designated Net Assets.** The Board of Directors has designated \$500,000 of unrestricted net assets for operating reserves and \$228,251 for various programs.
- **Temporarily Restricted Net Assets.** The Mayor's Fund reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. The Mayor's Fund has \$8,637,903 of temporarily restricted net assets at June 30, 2017.

NOTES TO FINANCIAL STATEMENTS June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ACCOUNTING (continued)

• **Permanently Restricted Net Assets.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Mayor's Fund to expend part of the income (or other economic benefits) derived from the donated assets. The Mayor's Fund has no permanently restricted net assets at June 30, 2017.

(c) CASH AND CASH EQUIVALENTS AND CONCENTRATION OF CREDIT RISK

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2017 approximates its fair value.

The Mayor's Fund maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Fund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(d) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations or by law.

(e) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues in the period received. The Mayor's Fund reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Discounts for pledges (pledges due over one year) are recorded as reductions to contribution revenue and pledges receivable. Discounts increase contribution revenue when the pledge is received.

At June 30, 2017, the Mayor's Fund evaluated the collectability of pledges receivable and no allowance for uncollectible pledges was considered necessary.

(f) PROGRAM COSTS

Program costs in the statement of functional expenses include contributions and grants approved by the Mayor's Fund's Board of Directors. For the year ended June 30, 2017, contributions and grants expense amounted \$4,526,290.

(g) INCOME TAXES

The Mayor's Fund is exempt from federal taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

NOTES TO FINANCIAL STATEMENTS June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Mayor's Fund's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Mayor's Fund uses salary dollars to allocate indirect costs.

(i) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(j) COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Mayor's Fund's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

(k) NEW ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. For the Mayor's Fund, the ASU will be effective for the year ending June 30, 2019.

(I) SUBSEQUENT EVENTS

The Mayor's Fund evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2017, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 29, 2017, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTES TO FINANCIAL STATEMENTS June 30, 2017

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Mayor's Fund has implemented the accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. The standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about the Mayor's Fund's assets that are measured at fair value on a recurring basis at June 30, 2017, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Fair Value Measurements Using								
			Qu	oted Prices					
		in Active Significant							
			M	Markets for Other			Significant		
			Identical Observable				Un	observable	
	Year Ended		Assets		Inputs			Inputs	
	Jur	e 30, 2017	(Level 1)		(Level 2)		(Level 3)	
Certificates of Deposit	\$	300,177	\$	-	\$	300,177	\$	-	
Bank Deposit Sweep Program		204,344		204,344		-			
TOTAL INVESTMENTS	\$	504,521	\$	204,344	\$	300,177	\$		

The bank deposit sweep program within Level 1 is an investment vehicle used to hold cash balances while awaiting reinvestment. At June 30, 2017, \$204,344 was held in an interest-bearing FDIC-insured program deposit account.

The certificates of deposit within Level 2 were valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The Mayor's Fund recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended June 30, 2017.

NOTES TO FINANCIAL STATEMENTS June 30, 2017

NOTE 4 - PLEDGES RECEIVABLE

At June 30, 2017, pledges receivable are due to be received as follows:

Within One Year One to Five Years	\$ 4,257,219 200,000
TOTAL	4,457,219
Less: Present Value Discount at 2%	 (3,922)
TOTAL PLEDGES RECEIVABLE (NET)	\$ 4,453,297

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 are restricted for the following purposes:

Economic Prosperity Quality of Life	\$	4,111,536 3,186,628
Time Restrictions		1,098,551
Community Resiliency		124,055
Government Efficiency		117,133
TEMPORARILY RESTRICTED NET ASSETS	s	8.637.903

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Mayor's Fund sponsors an Internal Revenue Code Section 403(b) qualified defined contribution retirement plan covering all of its employees, subject to eligibility requirements. The Mayor's Fund contributes up to a 5% match for employees contributing to the plan, in accordance with plan provisions. Employer contributions under this plan for the year ended June 30, 2017 were \$35,296.



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To the Board of Directors The Mayor's Fund For Los Angeles

In planning and performing our audit of the financial statements of The Mayor's Fund For Los Angeles (the Mayor's Fund) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Mayor's Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mayor's Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mayor's Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We appreciate the courtesy and cooperation of your staff during the course of the audit.

This communication is intended solely for the information and use of management, the Board of Directors and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Green Hasson & Janks LLP

November 29, 2017 Los Angeles, California